



September 29, 1999

Energy Conversion Devices, Inc. Announces Year-End Operating Results

TROY, Mich., Sept. 29 /PRNewswire/ -- Energy Conversion Devices, Inc. ("ECD") (Nasdaq: ENER) today announced results for the fiscal year ended June 30, 1999. For the 1999 fiscal year, ECD recorded a loss of \$13.8 million on revenues of \$33.0 million compared with a loss of \$16.7 million on revenues of \$31.6 recorded in 1998. The loss from operations was \$13.0 million in 1999 compared to \$16.8 million in 1998.

"Our primary business strategy is to build the inherent value of ECD by accelerating its enabling energy and information technologies into market successes," said Stanford R. Ovshinsky, president and CEO. "This requires clear focus and priority both on performance to the bottom line and growth of the top line. Regular operating reviews of all aspects of our business have resulted in continuous improvements in cost, quality and productivity. Total revenues have increased, while operating costs, total losses, and losses from operations have all decreased. Revenues in all areas have increased except for sales of positive and negative electrodes, which decreased as a result of a shift in production by certain of the Company's licensees.

"We are focused on five core commercial lines of business:

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|------------------------|---|
| Energy Generation | 1. Thin-Film Photovoltaics (United Solar) |
| Energy Storage | 2. NiMH Batteries (Ovonic Battery/GM Ovonic) |
| | 3. Solid Hydride Storage of Hydrogen (Shell) |
| Information Technology | 4. Phase-Change Optical Memory (Panasonic, Sony and others) |
| | 5. Ovonic Unified Memory (Ovonyx) |

"ECD's intellectual property, derived from its core strength in amorphous and disordered materials, provides a clear competitive advantage in both product and production process technology in each of these commercial segments. This strength and the global market potential of these lines of business have resulted in a number of strategic business arrangements that can increase the commercial market penetration of our products and technologies."

Mr. Ovshinsky further noted, "We have increased our investment in our United Solar joint venture to enhance our position in thin-film photovoltaic products -- sales have increased over 40% year to date."

He also noted, "Hydrogen is clean, abundant and considered the ultimate fuel. The barrier to realizing hydrogen as a fuel has been the lack of a viable means to transport and store it. We have begun working with Shell Hydrogen of the Royal Dutch Group to commercialize hydrogen storage systems using ECD's proprietary solid hydride storage technology for the evolving hydrogen-fueled transportation system."

Robert C. Stempel, chairman of ECD, added, "ECD continues to develop new license agreements and other alliances to commercialize the Company's products. This includes licensing agreements with Ricoh and Japan Storage."

The financial results for the fiscal year are shown in the following table:

Financial Results:

	Year Ended June 30,	
	1999	1998
	(In thousands, except per-share amounts)	
Revenues		
Product sales	\$4,524	\$9,858
Royalties	2,735	2,486
Revenue from product development agreements	17,241	15,311
Revenues from license agreements	4,754	1,701
Other	3,718	2,201
Total Revenues	32,972	31,557
Expenses	45,966	48,402
Net loss from Operations	(12,994)	(16,845)
Other Income (Expense):		
Gain on sale of Ovonic Battery Company stock	1,970	--
Equity in loss from investment in United Solar	(3,660)	(384)
Other	906	564
	(784)	180
Net Loss	\$(13,778)	\$(16,665)
Basic Net Loss Per Common Share		\$(1.06) \$(1.50)

Notes to Financial Results:

The Company had a net loss in the year ended June 30, 1999 of \$13,778,000 compared to a net loss of \$16,665,000 for the year ended June 30, 1998. The loss is primarily due to: (i) ongoing product development and continued market

development activities; (ii) losses related to electrode production; (iii) ongoing protection of the Company's intellectual property; and (iv) development costs of ECD's microelectronic, nonvolatile, thin-film semiconductor devices, the Ovonic Unified Memory. The amount of the net loss for 1999 was partially offset by a \$1,970,000 gain on the sale of Ovonic Battery Company, Inc. ("Ovonic Battery") stock and a \$4,400,000 license fee from Sanyo Electric Co., Ltd. ("Sanyo"). Additionally, Generally Accepted Accounting Principles require the Company to expense its equity in the net loss from its cash investments in United Solar. Included in other income (expense) in 1999 was a \$3,660,000 expense relating to this investment.

Product sales, consisting of positive and negative battery electrodes, battery packs and machine building, decreased 54% to \$4,524,000 in the year ended June 30, 1999 from \$9,858,000 in the year ended June 30, 1998 due to reductions (\$6,179,000) in the sales of negative and positive electrodes resulting from the Company's licensees currently manufacturing their own electrode products.

Battery pack sales increased 156% from \$414,000 to \$1,060,000 in 1999. Revenues from machine building were \$348,000 in 1999, compared to \$148,000 in 1998. The Company received a contract to build large-area microwave deposition equipment in February 1999 and recognized revenue of \$330,000 in connection with this contract.

Royalties increased 10% to \$2,735,000 in the year ended June 30, 1999 from \$2,486,000 in the year ended June 30, 1998 primarily due to higher battery royalties. The Company experienced low levels of royalties from ECD's phase-change rewritable optical memory technology in 1999 as the Company's licensees prepared to introduce new types of rewritable media products incorporating ECD's phase-change technology.

Revenues from product development agreements increased 13% to \$17,241,000 in the year ended June 30, 1999 from \$15,311,000 in the year ended June 30, 1998 due to substantially increased revenues from a program with General Motors Corporation to develop batteries for electric and hybrid electric vehicle applications (\$8,039,000 in 1999 compared to \$6,995,000 in 1998) and from contracts with the National Institute of Standards and Technology in the Company's battery and optical memory technologies (\$5,606,000 in 1999 compared to \$1,797,000 in 1998). Revenues from product development agreements for ECD's photovoltaic technology increased 36% to \$2,928,000 in the year ended June 30, 1999 from \$2,156,000 in the year ended June 30, 1998.

Revenues from license and other agreements increased 179% to \$4,754,000 in the year ended June 30, 1999 from \$1,701,000 in the year ended June 30, 1998 due to a \$4,400,000 battery license fee from Sanyo in 1999; \$90,000 in license fees in 1999 in connection with a new optical memory license agreement with

Ricoh Company Limited of Tokyo, Japan, the world's largest manufacturer of rewritable compact disks; and \$100,000 for a battery license agreement with Japan Storage Battery Co., Ltd., a Japanese battery manufacturing company. License fees in 1998 include \$1,500,000 related to a technology transfer agreement with Sovlux Battery and the Chepetsky Mechanical Plant, an enterprise of the Russian Ministry of Atomic Energy.

Other revenues increased by \$1,517,000 (or 69%) to \$3,718,000 in the year ended June 30, 1999 from \$2,201,000 in the year ended June 30, 1998, primarily due to increased billings in 1999 for work performed for Ovonic Battery licensees and for additional work performed by ECD's Production Technology and

Machine Building Division. In 1998, there were certain adjustments which reduced revenues to reflect a change in estimate based on information received by the Company pertaining to certain customers and contracts.

This release may contain forward-looking statements within the meaning of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on assumptions which ECD, as

the date of this release, believes to be reasonable and appropriate. ECD cautions, however, that the actual facts and conditions that may exist in the future could vary materially from the assumed facts and conditions upon which forward-looking statements are based.

SOURCE Energy Conversion Devices, Inc.

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